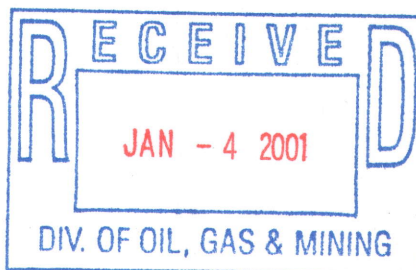
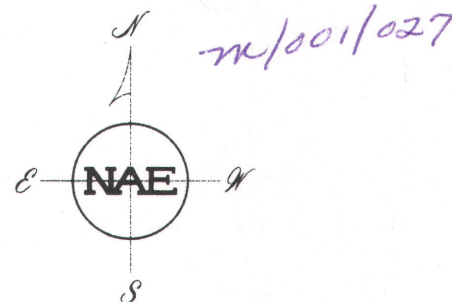


# NORTH AMERICAN EXPLORATION, INC.

GEOLOGY    GEOPHYSICS    GEOCHEMISTRY    ENVIRONMENTAL SERVICES



January 3, 2001

Mr. Thomas Munson  
Utah Dept. of Natural Resources  
Division of Oil, Gas and Mining  
P. O. Box 145801  
Salt Lake City, Utah 84114

Dear Tom:

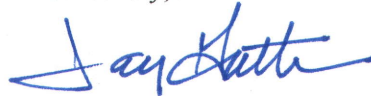
Here is a summary and update of archaeological work done on the State Mineral Lease ML-3092, the SE of section 2, T27S-R9W in Beaver County, Utah. This is relevant to a request for a revision of Large Mine Permit M/001-027.

- In the process of our application for a Large Mine Permit we received a letter from Mr. James Dykmann of SHPO exempting us from conducting a cultural resource inventory on state land (the area had been "chained").
- May 27, 1997 – protest received as part of the public review period.
- August 5, 1997 – DOGM gives "conditional" approval of M/001/027. Before any additional surface disturbance, "PQP (Basin Perlite Company) shall cause to be conducted a formal cultural resources survey by a Utah State Historical Society – Approved Archaeological company."
- July 2000 – Montgomery Archaeological Consultants (Moab, Utah) conducted a "Cultural Resource Inventory of the Proposed North Pearl Queen Mine, Beaver County, Utah." (Copy attached).
- October 16, 2000 – Montgomery Archaeological Consultants completes a report "Data Recovery Plan for a Prehistoric Obsidian Lithic Procurement Site (42Be2126) in the Mineral Mountains, Beaver County, Utah." This plan was submitted to SITLA (Mr. Kenny Wintch) and Utah Division of State History (Mr. James Dykmann). (Copy is attached).
- November 2000 – I received a telephone call from Mr. Keith Montgomery stating that the Plan had been accepted by the State. I have telephoned Mr. Montgomery but have been unable to reach him and get documentation of the approval. We elected to not conduct the Data Recovery Plan until next spring because of snow cover.

- November 27, 2000 – Basin Perlite authorizes MAC to conduct the work, which is to be done as soon as snow cover allows.

We hope that this summary and the attachments bring you up to date on the status of archaeological work on our State Mining Lease. Please let us know if you require more information.

Sincerely,



O. Jay Gatten  
Consultant – Basin Perlite Company

Attachments (3)

OJG/la

Cc: Correspondence (no attach)  
Project (no attach)  
W. R. Wilson – Basin Perlite Company (no attach)